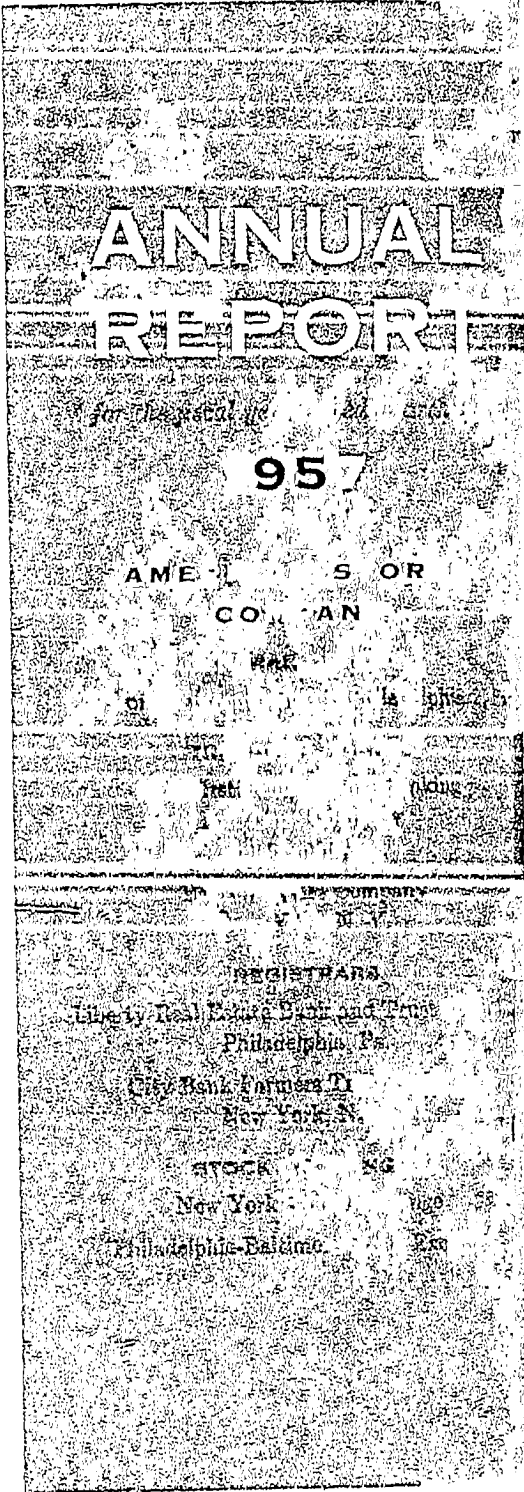
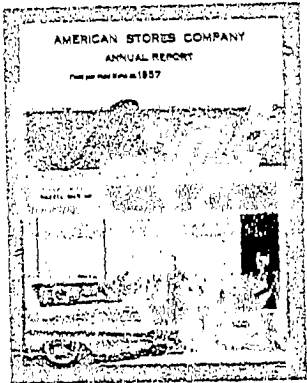


THE COVER:

Although food merchandising is primarily "self-service", personal services still play an important role in building customer satisfaction and increased sales.

The parcel pick-up operation shown here is being adopted at many of our markets and is just one more reason why more and more people are "shopping Acme."



## DIRECTORS

SAMUEL ROBINSON  
WILLIAM PARK  
FRED J. HEANEY  
JAMES K. ROBINSON, JR.  
THOMAS H. SHERRARD  
JOHN R. PARK  
J. WILLIAM HARDT  
WILFRED D. GILLEN  
PAUL J. CUPP  
A. J. FAULHABER  
ARTHUR LITTLETON  
FRANK L. SPOON

## OFFICERS

WILLIAM PARK, *Chairman, Board of Directors*  
PAUL J. CUPP, *President*  
JAMES K. ROBINSON, JR., *Vice President*  
A. J. FAULHABER, *Vice President*  
FRANK L. SPOON, *Vice President*  
R. H. BIRCHARD, *Vice President*  
THOMAS H. SHERRARD, *Vice President*  
A. KOHR SPRENKLE, *Vice President*  
JOHN R. PARK, *Vice President and Treasurer*  
S. A. GOULD, *Assistant to the President*  
E. A. COLSON, *Secretary*  
S. C. ARCHER, *Assistant Treasurer and  
Assistant Secretary*  
A. E. GILFILLAN, *Assistant Secretary*  
DAVID M. PARK, *Assistant Treasurer*



# N G I TS

	<i>Fifty-two weeks ended</i>	
	MARCH 30, 1957	MARCH 31, 1956
Sales.....	\$779,872,712	654,727,474
Net earnings.....	9,689,865	8,334,564
Working capital.....	47,802,378	44,498,492
Stockholders' equity.....	85,531,314	75,598,516
Shares outstanding at year-end....	1,667,064	1,518,594
Per share:		
Earnings.....	5.81	5.22 (a)
Cash dividends.....	2.00	1.90 (a)
Stock dividend.....	5%	5%
Stockholders' equity.....	51.31	47.41 (a)
New stores opened.....	60	47
Number of stores at year-end.....	903	953

(a) Adjusted for 5% stock dividend paid in 1957.

*For more comprehensive comparisons see  
Fifteen-Year Statistical Summary on pages 9 and 10.*

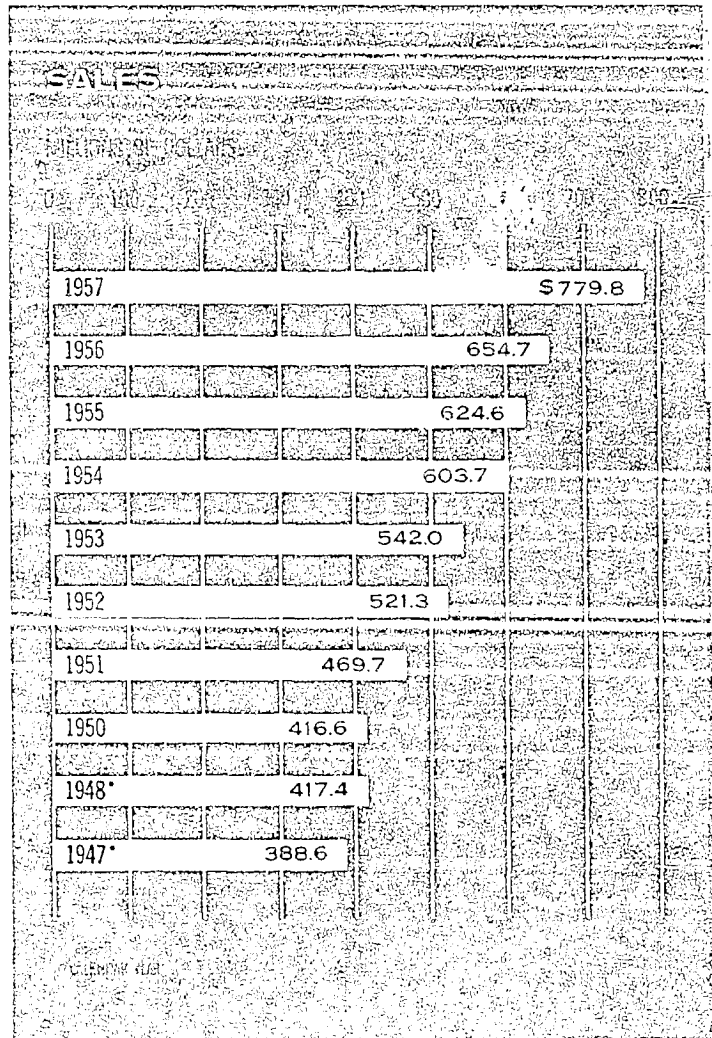
## TO THE STOCKHOLDERS:

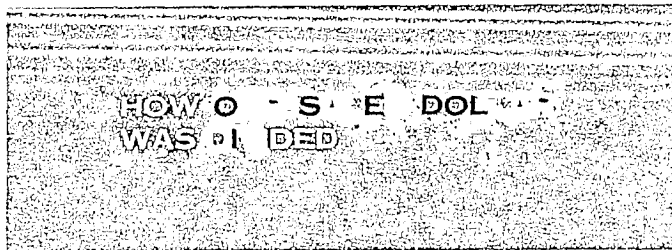
Our report to you this year is one of growth and expansion in all phases of the business. New records were again set in sales and earnings while the store expansion program has provided the facilities for substantial additional gains.

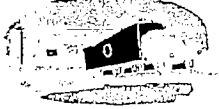



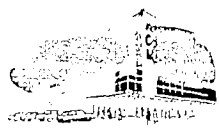



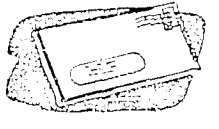

Sales for the year ended March 30, 1957 reached \$779,872,712 and net earnings increased to \$9,689,865. Earnings per share were \$5.81 compared to \$5.22 for the previous year, adjusted for the 5% stock dividend paid March 30, 1957. Cash dividends were paid at the rate of 50¢ quarterly.

One of our basic problems, in common with all business enterprises, is to increase productivity to the extent that it will at least offset rising costs. Our business involves the warehousing, transportation, display and sale of millions of individual units of merchandise, each of relatively low cost. Equipment and methods providing increases in productivity, however small, can have far reaching effects on our over-all results. We are constantly experimenting with various ideas intended to increase productivity throughout our operation and adopting those that in practice prove worth while.

In our business, the increasing use of mechanization has produced a steadily rising investment per employee. This investment requires larger profits, not only to provide the money to purchase the equipment needed but also to provide a fair return on the investment. Thus, while our earnings this past fiscal year were the largest on record, the management's efforts are being directed toward a continuing growth in earnings to keep pace with the increasing investment in facilities.





	For farmers, processors and transportation	
	To or for office and store employees	
	For rent, advertising, heat, light, interest and other operating expenses	
	For federal, state and local taxes	
	For dividends and retained for needs of business	

In April 1957 the Board of Directors authorized, subject to stockholders' approval, the establishment of the American Stores Company Employees' Thrift Plan for its supervisory and other non-union employees. This plan, which is more fully described in the proxy statement accompanying this report, is intended, among other things, to encourage saving and provide a means for many of our employees to become stockholders of the Company, thereby encouraging their interest in the profitable and efficient operation of the Company.

At the annual meeting on June 21, 1956, at which over 84% of the outstanding stock was represented either in person or by proxy, Mr. Frank L. Spoon, Vice President in charge of meat operations, was elected a Director. Following the annual meeting, Mr. A. Kohr Sprenkle, an employee for over 25 years, was elected a Vice President. On July 1, Mr. Fred J. Heaney, a Vice President of the Company, and an employee for over 50 years, retired although he continues as a Director. In December, Mr. J. V. Keers, Assistant Secretary of the Company and an employee for 47 years, retired and Mr. David M. Park was appointed Assistant Treasurer.

This year, the back section of this report contains a more detailed operating and financial review and we know you will find it interesting reading.

Respectfully submitted,

*Paul J. Cripp* *William Park*  
President Chairman of the Board

Philadelphia, Pa.  
May 22, 1957

# ACCOUNTS - E - OR

1957-1958

THE WORLD  
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THE

Philadelphia, Pa.

May 15, 1957



AMERICAN SILEX  
STATEMENT OF CONSOLIDATED EARNINGS

Fifty-two weeks ended March 31

	Fifty-two weeks ended	
	MARCH 30, 1957	MARCH 31, 1956
<b>CURRENT EARNINGS</b>		
Sales:		
Retail stores.....	\$768,500,071	642,491,668
Other.....	11,372,641	12,235,806
	<u>779,872,712</u>	<u>654,727,474</u>
Cost of sales and operating expenses:		
Cost of merchandise sold, including warehousing and transportation expenses.....	641,705,242	544,067,075
Wages, rents, advertising, administrative and other operating expenses.....	111,927,495	88,223,344
Depreciation and amortization.....	5,774,764	5,005,959
	<u>759,407,501</u>	<u>637,296,378</u>
Operating profit.....	20,465,211	17,431,096
Other income (deductions):		
Net gain on sale and retirement of plant and equipment, etc.....	421,201	725,975
Interest expense.....	(816,547)	(774,507)
	<u>(395,346)</u>	<u>(48,532)</u>
Earnings before income taxes.....	20,069,865	17,382,564
Federal and State income taxes, estimated.....	10,388,000	9,046,000
Net earnings.....	<u>\$ 9,689,865</u>	<u>8,334,564</u>
<b>EARNINGS RETAINED FOR USE IN THE BUSINESS</b>		
Balance at beginning of period.....	\$ 46,941,970	45,421,734
Net earnings for the period.....	9,689,865	8,334,564
	<u>56,631,835</u>	<u>53,756,298</u>
Deduct:		
Cash dividends—\$2 a share.....	3,173,408	2,888,401
Stock dividend—5%.....	3,761,214	3,925,927
Retained earnings as of March 31, 1956 of subsidiary operating in Colombia, which subsidiary is excluded from current consolidation because of unsettled conditions in that country.....	219,565	—
	<u>7,154,187</u>	<u>6,814,328</u>
Balance at end of period.....	<u>\$ 49,477,648</u>	<u>46,941,970</u>

See accompanying notes to financial statements on pages 7 and 8.

ASSETS	MARCH 30, 1957	MARCH 31, 1956
Current assets:		
Cash.....	\$ 20,987,194	17,695,666
Receivables.....	5,145,017	3,762,479
Inventories, at lower of cost or market.....	55,273,991	51,771,892
Prepaid expenses.....	1,846,723	1,363,570
Markets under construction covered by investors' commitments to purchase.....	2,608,906	1,957,366
Total current assets.....	<u>85,861,831</u>	<u>76,550,973</u>
Investment in unconsolidated subsidiaries, etc., at cost or less.....	1,677,977	1,097,478
Plant and equipment:		
Land.....	4,505,025	4,419,924
Buildings.....	24,837,048	24,495,976
Machinery, equipment and fixtures.....	51,179,219	43,391,896
Leasehold improvements.....	7,952,076	6,534,495
Total plant and equipment, at cost.....	88,473,368	78,842,291
Less accumulated depreciation and amortization.....	<u>30,665,079</u>	<u>26,298,845</u>
	57,808,289	52,543,446
Goodwill.....	<u>1</u>	<u>1</u>
	<u>\$145,348,098</u>	<u>130,191,898</u>

#### NOTES TO FINANCIAL STATEMENTS

(1) NOTES PAYABLE, LONG-TERM. The notes are payable in annual instalments of \$1,125,000 from 1957 to 1966 inclusive with a final maturity of \$10,375,000 on August 1, 1967. Interest on \$6,487,500 is at the rate of 2 7/8% per annum and on the remaining \$15,137,500 at 3% per annum. The notes contain restrictions as to the payment of cash dividends and the reacquisition and retirement of shares of stock of the company. The major portion of earnings retained for use in the business at March 30, 1957 is free of such restrictions.

(2) STOCK OPTIONS. At March 30, 1957 there remained outstanding options granted to 60 officers and employees to purchase 55,899 shares common stock at prices ranging from \$30.49 to \$47.28, such prices being 95% of market price on the respective dates of granting, adjusted for subsequent stock dividends. The options are exercisable on a cumulative basis over a 10-year period and expire on or before November 15, 1966. In addition, 49,967 shares common stock are reserved for future option grants.



# BALANCE SHEET

## LIABILITIES AND STOCKHOLDERS' EQUITY

	MARCH 30, 1957	MARCH 31, 1956
Current liabilities:		
Notes payable, long-term, instalment due within one year (note 1).....	\$ 1,125,000	1,125,000
Accounts payable.....	21,892,278	17,023,804
Accrued expenses.....	6,091,515	5,276,042
Federal and State income taxes, estimated....	8,950,660	8,627,635
Total current liabilities.....	<u>38,059,453</u>	<u>32,052,481</u>
Notes payable, long-term, less instalment due within one year (note 1).....	20,500,000	21,625,000
Provision for:		
Employees' retirement income benefits.....	538,331	426,901
Deferred income taxes, applicable to excess of accelerated depreciation deducted for tax purposes over normal depreciation reflected in the financial statements.....	719,000	489,000
	<u>1,257,331</u>	<u>915,901</u>
Stockholders' equity:		
Common stock of \$1 par value. Authorized 2,000,000 shares. Outstanding 1957—1,667,064 shares; 1956—1,518,594 shares (note 2).....	1,667,064	1,518,594
Capital in excess of par value of common stock (note 3).....	34,386,602	27,137,952
Earnings retained for use in the business, less amount capitalized through stock dividends (note 1).....	49,477,648	46,941,970
	<u>85,531,314</u>	<u>75,598,516</u>
	<u>\$145,348,098</u>	<u>130,191,898</u>

(3) CAPITAL IN EXCESS OF PAR VALUE OF COMMON STOCK. During the year this account was increased by the excess of:

Fair value of net assets of The Market Basket Corporation as of April 9, 1956 over par value of 66,302 shares common stock of the company issued in exchange, including \$427,494 which represents excess of fair value of net assets over assigned value of shares issued.....	\$3,477,386
Assigned value over par value of 79,384 shares common stock issued as a stock dividend.....	3,681,830
Sales proceeds over par value of 2,784 shares common stock sold to officers and employees pursuant to exercise of stock options.....	89,434
	<u>\$7,248,650</u>

(4) LEASE COMMITMENTS. The company was lessee under 570 leases expiring more than three years after March 30, 1957. Such leases call for minimum annual rentals (excluding taxes, insurance and maintenance expenses where payable by the lessee) totaling \$7,894,000, of which about 84% relates to leases expiring within 15 years and the remainder relates to leases expiring in from 15 to 25 years.

	52 weeks ended					
	March 30, 1957	March 31, 1956	April 2, 1955	April 3, 1954 <sup>(a)</sup>	March 28, 1953	March 29, 1952
Sales.....	\$779,872	654,727	624,626	603,736	542,035	521,311
Earnings before taxes on income.....	20,069	17,382	14,218	15,678	10,548	9,974
Federal and State taxes on income.....	10,380	9,048	7,203	8,210	5,465	4,920
Net earnings.....	9,689	8,334	7,015	7,468	5,083	5,054
Cash dividends.....	(c) 3,173	(c) 2,888	(c) 2,743	(c) 2,638	2,603	2,603
Earnings for year retained in business..	6,516	5,446	4,272	4,830	2,480	2,451
Net earnings per sales dollar.....	1.24¢	1.27¢	1.12¢	1.24¢	.94¢	.97¢
Shares of stock outstanding at year-end	1,667,064	1,518,594	1,441,230	1,368,496	1,301,320	1,301,320
Earnings per share (d).....	5.81	5.22	4.41	4.71	3.21	3.19
Current assets.....	85,861	76,551	69,744	74,088	67,082	65,441
Current liabilities.....	38,059	32,053	26,964	28,932	24,977	26,989
Working capital.....	47,802	44,498	42,780	45,156	42,105	38,452
Current ratio.....	2.26	2.39	2.59	2.56	2.69	2.43
Plant and equipment:						
Additions.....	10,094	8,184	10,832	6,453	3,608	13,847
Depreciation and amortization provision.....	5,774	5,006	4,485	4,226	4,071	3,503
Net investment.....	57,808	52,543	49,883	44,049	42,170	42,336
Total assets.....	145,348	130,192	120,325	118,863	111,172	109,984
Long-term debt, less amount due within one year.....	20,500	21,625	22,750	23,875	25,000	25,000
Stockholders' equity:						
Total.....	85,531	75,599	69,979	65,558	60,652	57,410
Per share (d).....	51.31	47.41	44.04	41.38	38.34	36.29
Number of retail stores at year-end:						
Self-service super markets.....	763	734	756	761	787	781
Other stores.....	140	219	320	371	502	627
Total stores.....	903	953	1,076	1,132	1,289	1,408

(a) 53 week period.  
(b) The short period from January 1 to April 2, 1949 is not included in the foregoing summary. Earnings for such period amounted to \$1,486,281, or \$3.93 per share. (d)  
(c) In addition a 5% stock dividend was paid.  
(d) Per share figures are based on shares of stock outstanding at year-end, adjusted for subsequent stock dividends.

# STATISTICAL SUMMARY

Year ended December 31

March 31, 1951	April 1, 1950 <sup>(b)</sup>	1948	1947	1946	1945	1944	1943	1942
469,771	416,644	417,467	388,614	314,575	233,542	227,630	212,082	209,106
14,365	10,924	9,433	9,955	11,808	6,540	6,352	4,484	5,652
7,250	4,180	3,770	4,030	5,807	4,565	4,520	2,775	3,643
7,115	6,744	5,663	5,925	6,001	1,975	1,832	1,709	2,009
2,603	2,212	2,277	2,277	1,562	1,301	1,301	1,301	1,301
4,512	4,532	3,386	3,648	4,439	674	531	408	708
1.51¢	1.62¢	1.36¢	1.52¢	1.91¢	.85¢	.80¢	.81¢	.96¢
301,320	1,301,320	1,301,320	1,301,320	1,301,320	1,301,320	1,301,320	1,301,320	1,301,320
4.49	4.26	3.58	3.74	3.79	1.24	1.15	1.08	1.27
70,676	56,865	55,396	56,107	47,784	32,172	30,922	30,168	28,149
23,885	17,471	16,516	16,310	21,809	10,348	9,769	10,604	10,273
46,791	39,394	38,880	39,797	25,975	21,824	21,153	19,564	17,876
2.96	3.25	3.35	3.44	2.19	3.11	3.17	2.84	2.74
10,597	5,780	6,036	6,795	4,165	2,013	966	704	1,220
3,030	2,614	2,091	1,735	1,455	1,631	1,346	1,371	1,399
32,666	25,565	21,943	18,240	13,700	11,285	11,109	12,002	13,211
104,742	84,125	73,301	75,146	62,249	44,003	42,489	42,698	41,920
25,000	15,057	15,172	15,229	286	344	—	—	—
54,958	50,446	44,933	41,511	37,859	33,312	32,720	32,093	31,647
34.74	31.89	28.40	26.24	23.93	21.06	20.68	20.28	20.00
773	765	761	708	665	606	595	579	576
732	872	1,072	1,213	1,347	1,358	1,425	1,487	1,523
1,505	1,637	1,833	1,921	2,012	1,964	2,020	2,066	2,099

## OPERATING AND FINANCIAL REVIEW:

### SALES INCREASE 19%

Sales of \$779,872,712 for the fiscal year increased by \$125,145,238 or approximately 19% over those of the previous year. This is the seventh successive year in which sales have increased over the previous year and also set a new record high. It is interesting to note that this year's sales increase is more than the entire year's sales for 1940.

The year's increase was the result of many factors, the principal ones being the new store program, the use of trading stamps, and the acquisition of the Market Basket stores on April 9, 1956. Other contributing factors were the introduction of new products, general economic growth in the areas served by our stores, increasing public acceptance of our products and services, and a slight rise in retail food prices.

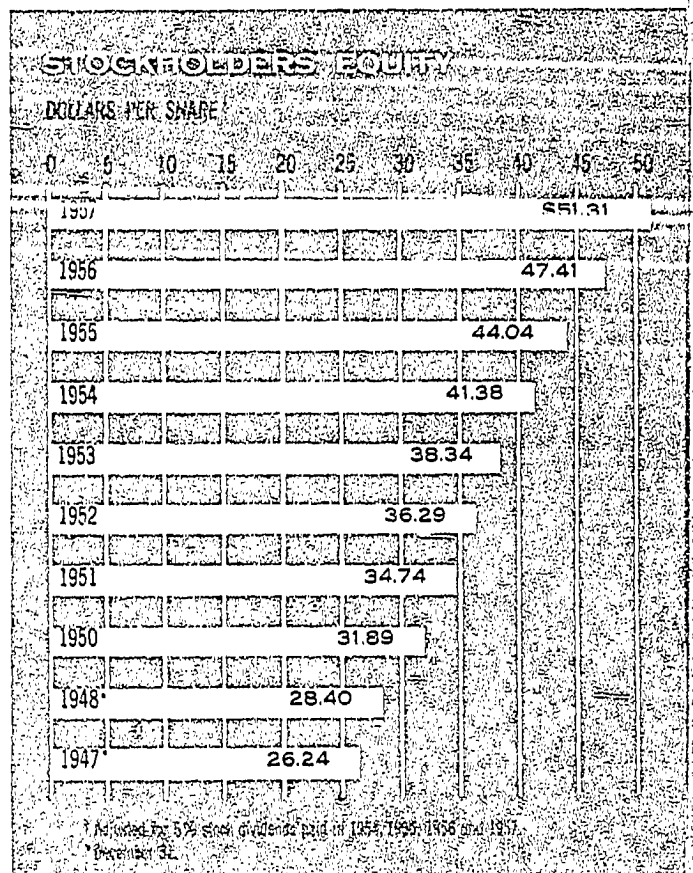
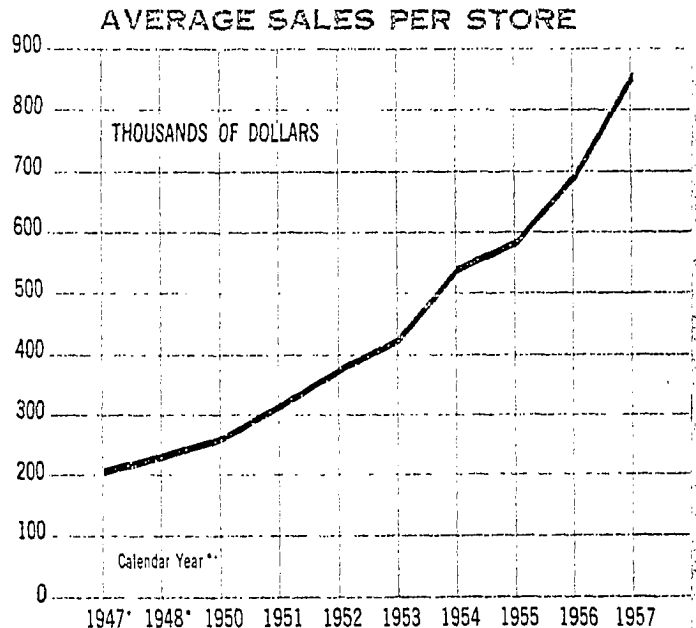
Average sales per store, as shown by the chart on this page, jumped 26% to \$851,000 from \$674,000 for the previous year, reflecting the program of gradually closing the smaller service stores and markets, and the increasing average volume of our new stores.

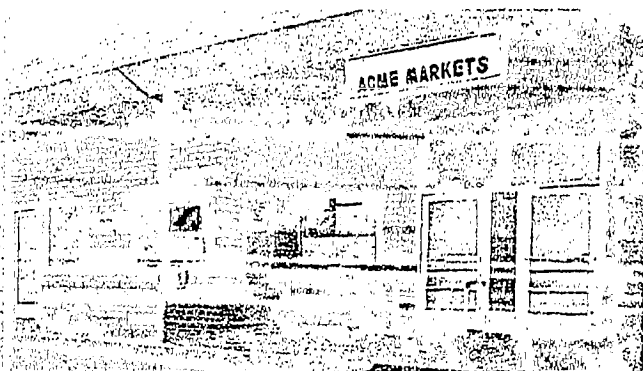
### EARNINGS UP 16%

Net earnings for the year reached a new high of \$9,689,865, an increase of 16% over the previous year's figure of \$8,334,564. Net earnings for the year were \$5.81 per share compared with \$5.22 for the previous year, adjusted for the 5% stock dividend paid March 30, 1957. The provision for Federal and State income taxes was \$10,380,000 or \$6.22 on a per-share basis.

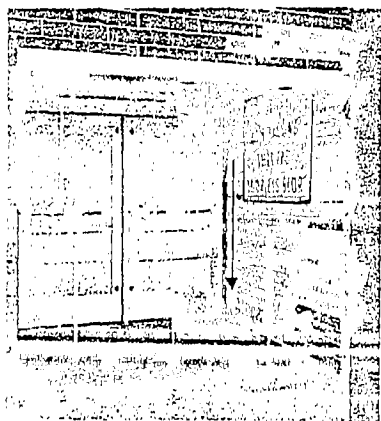
### CASH AND STOCK DIVIDENDS PAID

During the year cash dividends were paid at the regular quarterly rate of 50¢ per share. A stock dividend of 5% was also paid on March 30, 1957. This is

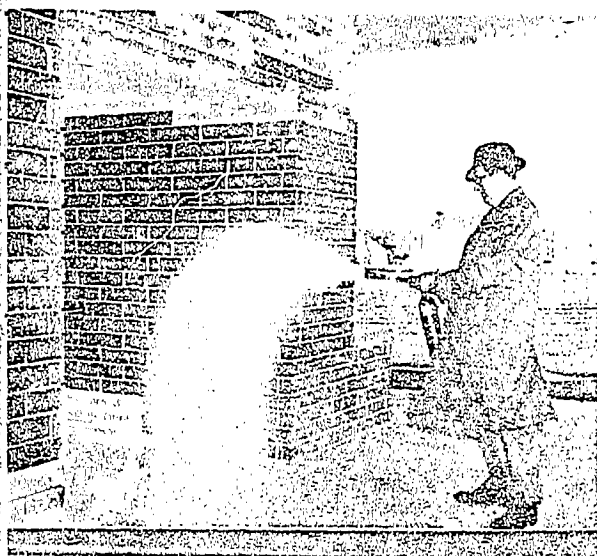




This branch bank, built into one of our markets, has provided conveniences both to the bank's and our customers.



The "Air-curtain" door, being tested below, has received much favorable comment since its installation.



the fourth consecutive year in which a 5% stock dividend has been paid. The four stock dividends have had the effect of increasing the cash dividend rate by over 20% for those stockholders who have held their stock throughout the period.

As a result of these annual changes in capitalization, it has been deemed advisable this year to adjust all "per share" figures, both in the "Highlights" at the beginning of the report and in the "Fifteen-Year Statistical Summary," for the stock dividends which have been paid. While this adjustment changes all of the "per-share" figures for previous years, we feel that the figures as presently shown more accurately reflect the growth in earnings and stockholders' equity.

### 60 NEW STORES OPENED

The expansion program moved ahead at an accelerated pace with the opening of 60 new markets during the year, compared with 47 in the previous year. These stores are located both in our existing territory and in certain areas which had not been previously served by Acme Markets. While the average size of these new markets is increasing, great care must be used to tailor the size of each individual store to the sales potential of the area it is designed to serve. The constantly increasing variety of items that are required by the consumer today has a definite bearing on the minimum size of store necessary for adequate display.

During the year, 79 of the smaller markets were closed, many of which were replaced with new super markets. At the year-end, there were 763 markets in operation. Also, 118 small, service-type stores were closed, leaving only 140 of these units in operation.

Currently there are definite commitments for 87 new markets, but we expect that the actual number to be opened during the current fiscal year should be about equal to that of last year.

These new stores embody the latest equipment and service facilities, some of which are installed on an

experimental basis until their value to our operation can be determined. A recent example of this is a heat pump unit installed in a market opened during the year. This unit replaces the conventional heating and air-conditioning units and, to our knowledge, is the first such installation in a super market. The advantages of such a unit are its simplicity of operation and low maintenance. The operating economy of this system is dependent on the cost of electric power as compared to other types of fuels.

Another new item of equipment, installed in a market which recently opened in a suburb of Philadelphia, is the so-called "doorless door" or the "air curtain" door, illustrated on the opposite page. In this market, conventional entrance doors are eliminated. Instead, customers enter through a passageway in which there are located ceiling and floor air grilles. Air is blown down out of the ceiling grill and is drawn in through the floor grill. The air flow thus forms a wall or curtain which effectively separates the interior of the store from conditions outside. The advantage of such a system for the customer is unhindered movement into and from the store.

A further innovation, also shown on page 12, was the construction of a branch bank as an integral unit of one of our stores. This arrangement has had several mutual advantages and the bank reports business as being quite satisfactory.

## WAREHOUSING AND DELIVERY OPERATIONS

On April 5, 1957 our grocery warehouse in Allentown, Pa. was closed and the stores formerly served by this warehouse are now getting deliveries from our newer and larger warehouse in Philadelphia. It is expected that this consolidation will result in reduced inventory requirements and certain operating savings. The Allentown property is now being offered for sale.



The establishment of the "Quarter Century Club" was occasion for Mr. William Park to present Mr. Samuel Robinson with his service award emblem as Mr. Paul J. Cupp, President, watches. In view of Mr. Robinson's position as the only surviving founder and first president of the Company, his pin bears the word "Founder."

Various developments in the transportation field such as new types of trailers which permit greater payloads, "piggyback" shipments of loaded trailers by rail, delivery of palletized loads of merchandise from the warehouse to the stores, and direct shipments of merchandise by the manufacturers or processors to our stores, to name but a few, are being studied and tested. These new methods will be adopted in our operations wherever conditions justify.

#### FINANCIAL CONDITION SOUND

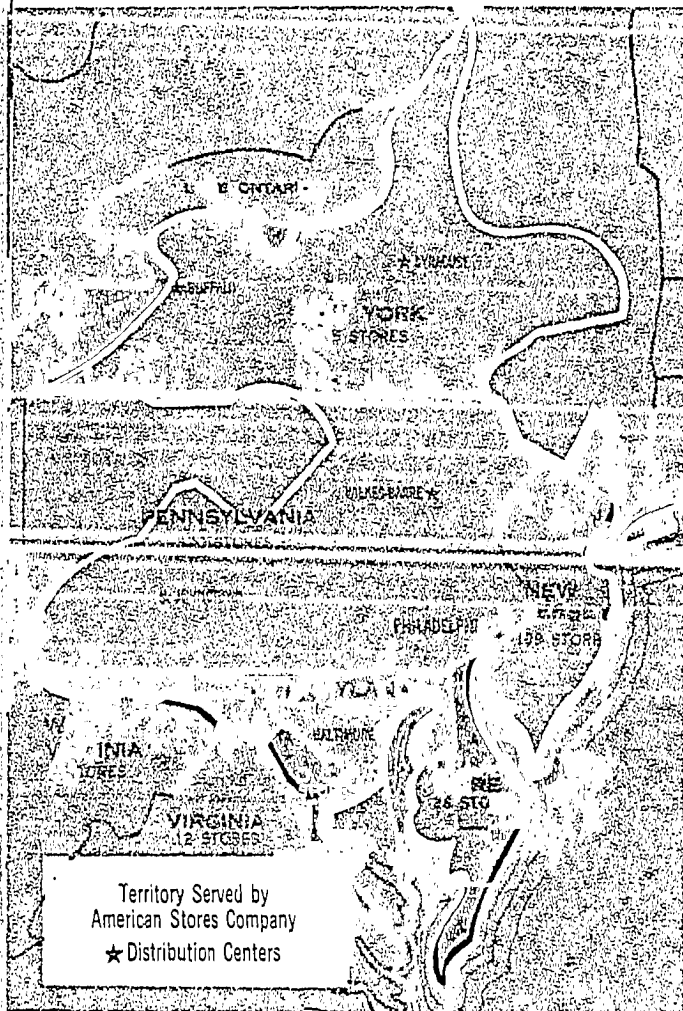
During the year, working capital increased to \$47,802,378 and through more efficient use was sufficient to support an increase of over \$125,000,000 in sales volume. Expenditures for plant and equipment totaled \$10,094,218, while "cash flow" from depreciation, amortization, and retained earnings amounted to \$12,291,221. It is anticipated that expenditures for the current year will follow somewhat the same pattern.

#### PERSONNEL

December 1, 1956 marked the tenth anniversary of the Employees Retirement Plan and on that date 185 employees retired from active service and began receiving their pension checks. At the present time there are 790 former employees who are retired and receiving monthly pension checks.

On December 1, 1956 the American Stores Company Twenty-five Year Club was formed with membership consisting of employees with 25 or more years' active service with the Company. There are presently over 1,500 members of this Club including 355 retired employees.

Today our Company is better equipped than ever with capable personnel. Their ability, loyalty, and enthusiasm coupled with our modern facilities will enable us to move ahead confidently in the coming years.





This market, located in the Oak Park Shopping Center in Clifton Heights, Pa., a suburb of Philadelphia, was opened on May 15, 1957. The construction features single span laminated wood arches which allow the sales area to be free from roof supports.

